Monthly Fund Fact Sheet September 2022

Te Ahumairangi
GLOBAL EQUITY SPECIALISTS

About the Fund

The Te Ahumairangi Global Equity Fund is a portfolio of investments in 150-180 listed companies around the world. The fund invests primarily in companies that are based in developed economies, in North America, Asia, and Europe.

We aim to invest mainly in companies where we believe we have good visibility about how the company will generate sufficient cashflows to deliver good long-run returns to shareholders. We favour investing in lower-risk companies that produce stable profits, are not too sensitive to the economic cycle, and whose share prices are not excessively volatile or overly sensitive to investor sentiment. We believe this means that our fund is likely to withstand market downturns better than the average global equity fund.

Unit Price (NZD)	**1.0414** 3 October 2022, uses 30 September valuations*
Monthly Return	**-0.71%** After fees, September 2022
Fund Size	**$60.8 million*** 30 September 2022 * *Includes fund flows effective 30 Sep*
Fund Type	**Portfolio Investment Entity**
Start date	**5 November 2021**
Minimum Investment	**$100,000 direct, or $250 through InvestNow.**
Investment Manager	**Te Ahumairangi Investment Management Ltd**
Issuer and Fund Manager	**Implemented Investment Solutions Ltd**
Supervisor	**Public Trust**
Custodian	**BNP Paribas**
Registry	**MMC**
Management Fees	**0.60% per annum plus GST (approx 0.64% including GST)**
Performance Fees	**None**

* Technically this unit price uses 30 September valuations for foreign exchange and all equity markets apart from Australia but uses 3 October share prices for the 1% of the portfolio that is invested in Australian equities.

Global Equities as an Investment

Over 95% of the fund will typically be invested in global equities. Although we aim to build a portfolio that is less sensitive to market conditions than the average global equity fund, investors should appreciate that our fund is nonetheless likely to fall in value if global equity markets decline. It could also fall in value if the New Zealand dollar rises. Global equities may not therefore be a suitable investment for people who expect that they may need to sell their investment portfolio within the next few years.

For long-term investors, it will often make sense to hold global equities as part of a diversified portfolio that also includes fixed interest investments and possibly other investments such as New Zealand equities. Global equities provide a level of diversification that is difficult to achieve from New Zealand equities alone.

A relatively high allocation to global equities will generally be more appropriate for investors who expect to continue saving money and contributing to their investment portfolio for the next few years. Higher allocations to global equities would also be more appropriate for investors who are psychologically prepared for the possibility of incurring investment losses in any given year.

Lower allocations to equities would generally be appropriate for investors who would find it psychologically difficult to deal with investment losses in any year or expect to be relying on their investment portfolio to fund their living expenses over the next few years.

Investors who are unsure about what place global equities should have in their investment portfolios should consult a financial advisor.

Risk Indicator:

Lower risk/ potentially lower returns — Higher risk/ potentially higher returns

1	2	3	4	5	6	7

For more information on the risks associated with this fund, please see the Product Disclosure Statement (PDS).

Please see the Important Notice and Disclaimer at the bottom of page 4.

Performance Update

Global Equity markets weaken further in September. Developed country equity markets declined -8.26% (adjusted for gross dividends) in local currency terms. This was largely offset by weakness in the NZ dollar, such that the MSCI World index declined just -1.64% in NZ dollar terms.

Indices of lower-risk equities outperformed the broader global equity market. The fund's benchmark index declined -0.62% in New Zealand dollar terms in September.

The most resilient sectors in September were Health Care, Consumer Staples, Materials, and Financials, while the weakest sectors were Real Estate, Information Technology, Communication Services, and Utilities. Returns from the different geographical regions (North America, Europe, Asia/Pacific) were very similar in New Zealand dollar terms.

Benchmark Index
We compare the fund's performance to a composite benchmark index calculated by MSCI. The benchmark is a 50:50 combination of the MSCI World Index and the MSCI World Minimum Volatility (NZD) Index. The composition of the MSCI World Minimum Volatility (NZD) Index is calculated by MSCI to minimise volatility for NZ-dollar-based investors (subject to various constraints). **When benchmarking the fund's performance, we compare it to the gross return version of the benchmark, which makes no deduction for withholding taxes. This differs from the common practice of many other NZ-based funds, which compare their funds' pre-tax returns to the net return versions of their benchmark indices. This presents a lower hurdle for those funds' investment managers, as the net return indices assume high levels of withholding tax on dividend income.** **Te Ahumairangi Investment Management considers the practice of these other funds to be misleading, as it does not provide investors with a like-for-like comparison for their funds' returns.**

The fund returned -0.71% in September (after fees). This was a small under-performance in comparison to the benchmark index, which returned -0.62%. Key factors which affected relative performance were:

- We have begun to hedge a small proportion of the fund's foreign currency exposure. These currency hedges (which amounted to almost 5% of the portfolio by the end of September) detracted -0.16% from the fund's return, as the New Zealand dollar declined significantly during September.
- The portfolio holding which detracted the most from relative performance was KB Financial Corp, which declined -10.5% in NZ dollar terms during the month, detracting -0.11% from the fund's relative performance. KB Financial's poor performance during the month was in line with the average for Korean stocks.
- The biggest individual contributor to relative performance was Japanese telecommunication company KDDI, which returned +4.6%, contributing +0.07% to the fund's relative performance.
- On average, the fund held a 3% weighting in cash during the month. The fact that this money was held in cash rather than equities boosted performance by +0.10% during the month (as equity markets fell sharply over the month).
- An average of 3.4% of the fund was invested in Korean companies during the month, which detracted -0.32% from the fund's performance, as the Korean equity market and Korean currency both declined during the month. Apart from Korea, the fund's relative positioning in other countries had little effect on overall performance.
- Management fees deducted -0.05% from returns during the month (as is this case each month).

The fund's allocation between industrial sectors had little impact on relative performance during the month.

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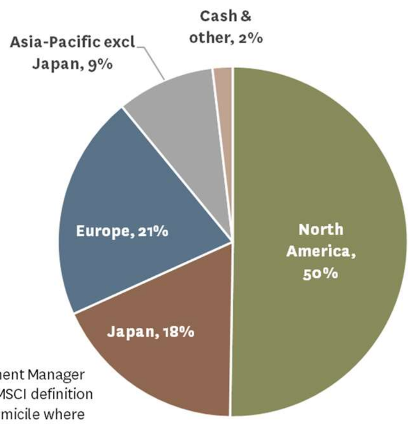
Portfolio Composition

The table below shows the fund's top 10 equity investments at the end of September. For comparison, the table also shows how each company is represented in the fund's benchmark index.

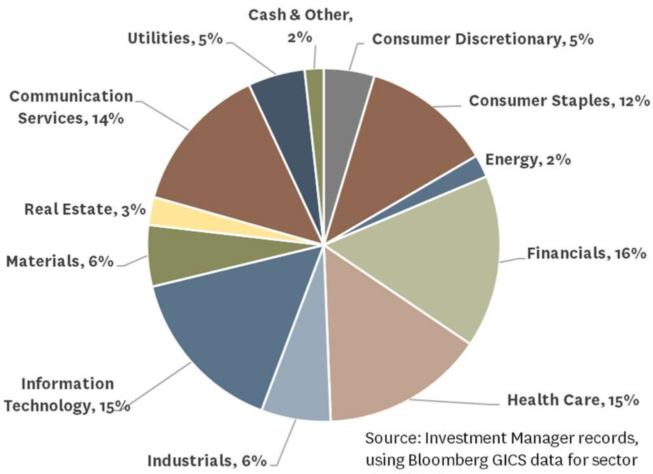
Company	Percentage of fund	{Percentage of benchmark index}
Microsoft Corp	3.30%	2.06%
Verizon Communications	2.78%	0.83%
Apple	2.24%	2.59%
Alphabet (includes 2 classes of security)	2.04%	1.25%
Sumitomo Mitsui Financial Group	1.70%	0.04%
KDDI Corp	1.59%	0.26%
Roche Holding (includes 2 classes of security)	1.35%	0.95%
WW Grainger	1.19%	0.02%
Sanofi	1.11%	0.18%
Check Point Software Technologies	1.10%	0.09%

The pie chart below shows how the fund is allocated between different geographical regions:



Source: Investment Manager records, using MSCI definition of country of domicile where available, Bloomberg definition if not.

The pie chart below shows how the fund is allocated between different industrial sectors:



Source: Investment Manager records, using Bloomberg GICS data for sector classification.

For a copy of our product disclosure statement, visit our website teahumairangi.co.nz

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Fund Returns

	September 2022	Since Inception (5 Nov 2021 to 30 September 2022)
Return after fees but before taxes	-0.71%	+4.31%
Benchmark Return*	-0.62%	-0.23%

* See page 2 for a description of the benchmark index.

Portfolio spotlight: National Grid

0.88% of the fund is invested in National Grid.

National Grid own and operate the electricity transmission network in England and Wales, similar to Transpower in New Zealand. It is also Britain's largest electricity distribution network operator. It also owns energy and transmission assets in the United States, which account for about half of National Grid's revenues (but a slightly lower portion of earnings).

Over recent months, National Grid's share price has fallen sharply, in line with other European energy utilities. However, unlike most other European utilities, National Grid is not in the business of trading energy (it simply hires the wires), so we believe it is less at risk from disruptions to the supply of Russian gas to Europe. Further, the strength of the US dollar relative to the pound makes National Grid's US operations more valuable when measured in British pounds.

National Grid has recently been divesting gas assets (including the majority of its UK gas transmission business). It continues to invest in strengthening the electricity transmission network, as transmission demand is boosted by trends such as electric cars, data centres, and development of renewable generation. Most of National Grid's earnings are regulated, and we would anticipate that regulators will allow National Grid to earn a return on both existing assets and new transmission investments which supports continued investment and reflects recent rises in interest rates.

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